

Urban Revitalization

GLOSSARY

Brownfields

Abandoned, idle, or under-used industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.

Greenfields

Areas (usually rural) that have not been developed or contaminated; usually preferred for new development.

Metropolitan area

Large population nucleus, together with the adjacent communities (and sometimes counties) that are economically and socially integrated with it.

Sprawl

Movement of development from urban centers to outlying rural areas.

Sustainable development

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Urbanization

Outward spread from a central facility or metropolitan area, usually over adjacent land area, of population, housing, and business/industry.

BACKGROUND

At the end of the Civil War, farmers began to move into cities, and by the turn of the 20th century, cities were flourishing, enjoying new population and industry. As cities grew, however, so did their problems (e.g., crime, pollution, racial conflict). In the 1960s the federal highway-construction program, combined with affordable cars and the good wages enjoyed by many workers, allowed many working-class families to escape the problems of the city. These workers moved into the rural areas, not to farm but to reside, and suburbs evolved. The automobile and federal highway system allowed suburban residents to live in the once rural areas but continue to work in the city. Over time, businesses and industries sprang up in the suburbs in response to growing population and available work force. Thus began “urban sprawl,” a process that has seriously weakened the economic stability of many cities across Michigan and the nation.

Detroit has lost nearly half its population over the past four decades, and Oakland and Macomb counties, once rural, have grown by 174 percent and 288 percent, respectively. According to the U.S. Census, in 1990 Michigan’s population was about 9.3 million, 82 percent of whom lived in metropolitan or urban areas. By 1995 the state’s population had increased to about 9.6 million, but nearly every Michigan city had *lost* population. A good many city dwellers had moved to the growing suburbs and others even farther out, to rural areas.

Left behind in the cities are buildings—once occupied by households and businesses—now empty or prey to an ever-decreasing level of use until many are undesirable or abandoned. Whole neighborhoods deteriorate, and more people and businesses flee. Deteriorated neighborhoods frequently are “redlined,” meaning that mortgages, loans, and insurance are not available to help individuals or businesses buy or improve property there. Vandalism and illegal trash/waste dumping (sometimes residential, sometimes industrial) follow, and property values plummet further; the few or impoverished residents or businesses cannot move, because there is no market for their property; some simply abandon the area, others subsist in hardship.

Cities contain many old industrial properties that were built and operated prior to enactment of environment laws, and a substantial number are contaminated. Such property is referred to as a “brownfield”; some is so extremely contaminated that it is deemed by state or federal government to be unsuitable for further use unless it is cleaned up. But to clean up such sites may cost millions—out of the question for most business owners.

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Businesses and citizens are deterred from locating in central cities principally for two reasons.

- The economic base is elsewhere: Suburbanites' jobs no longer are in the city, and there are few customers for a business there. Moreover, taxes in cities are likely to be high—because there are fewer people/businesses to pay taxes, the few who are there must pay more.
- The quality of life is perceived to be less desirable than elsewhere, particularly in regard to K–12 education: As property has deteriorated, so has the tax base and, with it, the money for education. Other quality-of-life issues concern safety, an area's physical attractiveness, and city services.

Economic Incentives and Other Assistance

Many believe that urban revitalization will not occur without economic incentives to draw businesses back into the urban areas. Consequently, government at all levels is implementing programs to attract business into urban areas and brownfields. Among the federal programs of which Michigan is taking advantage are the “empowerment zones” and “enterprise communities” initiatives.

- *Empowerment zones* The U.S. Department of Housing and Urban Development is granting money to Detroit (and five other U.S. cities) for job training, drug rehabilitation, public works, and child development and related human-service needs in designated zones (in Detroit, roughly 18 square miles in the city's southern part). Businesses locating in the zone and employing zone residents receive tax benefits.
- *Enterprise communities* The cities of Flint and Muskegon and also Lake County have been designated as enterprise communities. This program has the same goals as empowerment zones but helps smaller cities and some economically depressed rural areas as well.

The State of Michigan has also initiated several programs for urban revitalization. For example, in 1996 Michigan became the first state to allow tax-free “re-

naissance zones,” in which residents and business are exempt from state/local taxes for up to 15 years; during the last three years, the tax exemptions phase out. There currently are 11 zones—six urban, three rural, and two former military installations:

- Benton Township and cities of Benton Harbor and St. Joseph
- City of Detroit
- City of Flint
- Gogebic, Ontonagon, and Houghton counties
- City of Grand Rapids
- City of Lansing
- Manistee County
- Montcalm and Gratiot counties
- City of Saginaw
- Warren Tank Arsenal (former)
- Wurtsmith Air Force Base (former)

Brownfield Redevelopment

Brownfields are a special problem. In 1995 Michigan changed its laws regarding contaminated-property cleanup away from a “status liability” standard. That standard had meant that a property's owner was responsible for cleanup costs, regardless of whether s/he caused the problem. Current law makes brownfield owners pay for cleanup only if they caused the contamination.

The Redevelopment of Urban Sites (REUS) Action Team is a joint state/Detroit effort to work with developers in Detroit who are willing to tackle brownfields. The REUS Action Team helps them understand the liability protections, flexible cleanup standards, and funding possibilities in Michigan's cleanup program.

In 1996 the legislature appropriated new funding for brownfield redevelopment. The law created the Revitalization Revolving Loan Fund (to lend money to communities to enable them to invest in brownfield properties with economic development potential, demolish buildings that impede site reuse, and undertake actions needed to allow an

evaluation or demolition to proceed); provides for single business tax credits for owners undertaking voluntary cleanup; and permits creating brownfield redevelopment authorities.

DISCUSSION

When many Michigianians think of the need for urban revitalization, Detroit comes to mind, but nearly every other metropolitan area in the state faces such problems as population loss, perceived crime increase, and a perception that the area's K-12 education quality is declining. Moreover, the trends toward declining population and poverty concentration in central urban areas have continued virtually unabated since the 1960s.

Urban revitalization is expensive and controversial. Renaissance zone supporters cite figures from the Michigan Jobs Commission that some 43 business enterprises, creating an estimated 4,000 new jobs, already have been established in renaissance zones. Critics say that the incentives will not really generate new economic activity in communities; they contend that the zones only result in businesses and residents moving from one part of a city (or county) to another.

The state Revitalization Revolving Loan Fund, created to provide funds for brownfield cleanup, has not yet been used. Revenue for the fund was to come from the one-time state sale of an oil-depletion tax credit for companies drilling for oil and gas on state land, but environmental groups have filed lawsuits, contending that the money properly should be deposited in the state's Natural Resources Trust Fund, not used for environmental cleanup.

Supporters of state involvement in urban revitalization contend that such assistance not only will help cities economically but, if cities can be made more prosperous, will reduce government's overall cost. They point to the tremendous public costs of

an increasingly impoverished population in central cities and also to the fact that infrastructure, including sewer and water lines, already is there—it does not have to be built.

They also argue that repopulating cities with people and business and industry can help lower regional air pollution: Fewer commuter miles are driven in such areas, and mass transit becomes more economical in concentrated population centers.

They also contend that government played a huge role in the flight from the cities: Policymakers decided to build the freeways, provide the tax incentives for new development, and underwrite the infrastructure costs in the suburbs and rural areas. Government has subsidized the movement to greenfield areas, making it doubly difficult for older cities to compete for population and development.

Opponents of state involvement in urban revitalization argue that the central city is an idea whose time has passed. They believe that in our automobile- and technology-dependent world, there is little that can be done to revitalize cities. They insist that it should be the cities themselves—not the state—that take the steps necessary to improve their attractiveness: reduce taxes, improve public education, and deal with crime.

See also Air Quality; Economic Development: State Financial Incentives; Land Use; Revenue Sharing; Water Quality.

FOR ADDITIONAL INFORMATION

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